

RECORDATION NO. 24421 FILED

APR 25 '03

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SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

April 25, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of April 25, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
230 Park Avenue
New York, New York 10169

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany]

Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document is:

385 boxcars: UP 354615 - UP 354999.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

EXECUTION COPY

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of April 25, 2003 between BABCOCK & BROWN RAIL FUNDING LLC, (the "Debtor") and BAYERISCHE HYPO-UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 4 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By


Name: Tom McGraw
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 24th day of April in the year 2003 before me personally came Tom McGraw to me known, who, being by me duly sworn, did depose and say that he resides at 1632 Washington Lane, West Chester, PA 19382; that he is a Vice President duly appointed of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.



Notary Public

[Notarial Seal]

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in New York County
Commission Expires November 13, 2006

Memorandum of Mortgage

NEWYORK#100757.1

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	51	2002	60-foot, 9-inch, Plate F boxcars with double 8-foot plug doors, 286,000 lbs. GRL, and 15-inch EOCC	UP 354615-354665, inclusive	None.
	334	2003	60-foot, 9-inch, Plate F boxcars with double 8-foot plug doors, 286,000 lbs. GRL, and 15-inch EOCC	UP 354666-354999, inclusive	None.

**Exhibit B
to Memorandum of Mortgage**

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #

1. Master Lease Agreement made as of September 30, 2002, entered into by and between Greenbrier Leasing Corporation, as lessor, and Union Pacific Railroad Company, as lessee, as amended, modified or supplemented from time to time.

Rider No. 1 to Master Lease Agreement dated as of September 30, 2002, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A hereto.

Amendment No.1 to Lease Rider No. 1 made effective on February 25, 2003, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A hereto.

Memorandum of Master Lease Agreement and Rider No. 1 made and entered into as of September 30, 2002, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A hereto.

Certificate of Acceptance dated April 24, 2003 executed by Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A hereto.

Bill of Sale dated April 23, 2003 from Gunderson, Inc. to Greenbrier Leasing Corporation and the Certificates of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in such Bill of Sale.

Purchase Agreement [GLC/BBRF] dated as of April 25, 2003, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described in Exhibit A hereto.

Bill of Sale dated April 25, 2003 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding, in respect of the Equipment described in Exhibit A hereto.

Assignment and Assumption Agreement, dated as of April 25, 2003, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described in Exhibit A hereto.

Sale Date Notice Pursuant to Notice and Acknowledgment dated April 25, 2003, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing

Corporation to Union Pacific Railroad Company, in respect of the Equipment described in Exhibit A hereto.

Lessee Notice and Acknowledgment dated February 25, 2003, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Assignment [GLC] dated as of April 25, 2003, between Greenbrier Leasing Corporation, as assignor thereunder, and Babcock & Brown Rail Funding LLC, as assignee thereunder, in respect of the Equipment described in Exhibit A hereto.

Manufacturer's Consent dated April 25, 2003, made by Gunderson, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described in Exhibit A hereto.

Letter Agreement dated April 25, 2003, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described in Exhibit A hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

4/25/03



Robert W. Alvord